



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: August 4, 2015

TO: Mayor and Councilmembers

FROM: Business Services Division, Waterfront Department

SUBJECT: Professional Services Agreement With Mitchell & Associates For Audit Services Of Percentage Rent Tenants At The Waterfront

RECOMMENDATION:

That Council authorize the City Administrator to execute a Professional Services Agreement with Mitchell & Associates for revenue examinations/audits of percentage rent tenants at the Waterfront in a total amount not-to-exceed \$35,000 for Fiscal Year 2016.

DISCUSSION:

Since 1992, the Waterfront Department has conducted revenue examinations ("audits") of its percentage rent paying tenants. These revenue examinations are to ensure that tenants are calculating their percentage rent appropriately and are in compliance with lease requirements. The revenue examination process and percentage rent protocols require a specialized form of accounting engagement referred to as forensic accounting.

The Waterfront Department has conducted Request for Proposal processes in the past for the revenue examination services. On each occasion Mitchell & Associates (formerly Pyne, Waltrip, Decker and McCoy) was either the only party to respond or was selected over other parties as the most qualified firm to provide the revenue engagement services for the Department. Mitchell & Associates provides a professional product that is fairly priced. They have also established solid professional relationships with all of the Waterfront tenants and have provided the Waterfront Department with outstanding service in the past. Mitchell & Associates is familiar with the Waterfront Department's business activities and processes as well as the intricacies of Department leases regarding sales, rents, percentage rents and reporting requirements.

Funds for these services have been budgeted in the Waterfront Department / Property Management program.

PREPARED BY: Brian J. Bosse, Waterfront Business Manager
SUBMITTED BY: Scott Riedman, Waterfront Director
APPROVED BY: City Administrator's Office